

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

American Transmission Systems, Inc.            )  
PJM Interconnection, L.L.C.                    )                   Docket No.   ER20-2046-000

**COMMENTS OF WIRES**

Pursuant to the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) notice issued on June 12, 2020 in the above-captioned proceeding, WIRES<sup>1</sup> respectfully submits the following comments with respect to the PJM Transmission Owners’ (“PJM TOs”) Asset Management Filing proposing revisions to Attachment M-3 of the PJM Open Access Transmission Tariff (“Asset Management Filing”).<sup>2</sup>

WIRES supports robust transmission investment and recognizes that we are in the midst of an investment cycle to upgrade and replace aging and existing transmission infrastructure, much of which dates from the 1960s, 1970s, and earlier.<sup>3</sup> In PJM alone, two-thirds of all system assets are more than 40 years old, over one-third are more than 50 years old, and some local, lower-voltage transmission facilities below the 230 kV level are approaching 90 years old.<sup>4</sup> Electric transmission investment in the United States remains critical for ensuring efficient and

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<sup>1</sup> WIRES is an international non-profit trade association of investor-, publicly-, and cooperatively-owned transmission providers and developers, transmission customers, regional grid managers, and equipment and service companies. This filing is supported by the full supporting members of WIRES but does not necessarily reflect the views of the RTO/ISO associate members of WIRES. For more information about WIRES, please visit [www.wiresgroup.com](http://www.wiresgroup.com).

<sup>2</sup> American Transmission Systems, Inc., PJM Interconnection, L.L.C., Amendments to Attachment M-3 to the PJM Interconnection, L.L.C. Open Access Transmission Tariff, Docket No. ER20-2046-000 (filed June 12, 2020) (“Asset Management Filing”).

<sup>3</sup> See *The Coming Electrification of the North American Economy, Why We Need a Robust Transmission Grid*, published by WIRES (March 2019) and available at: [https://wiresgroup.com/wp-content/uploads/2019/03/Electrification\\_BrattleReport\\_WIRES\\_FINAL\\_03062019.pdf](https://wiresgroup.com/wp-content/uploads/2019/03/Electrification_BrattleReport_WIRES_FINAL_03062019.pdf).

<sup>4</sup> ScottMadden, Inc, *Informing the Transmission Discussion: A Look at Renewables Integration and Resilience Issues for Power Transmission in Selected Regions of the United States* (Jan. 2020) (ScottMadden Report) at 279.

reliable electric service.<sup>5</sup> Moreover, timely and well-planned investment to replace aging transmission components that are approaching the end of their useful lives will enhance system resilience.<sup>6</sup> The Asset Management Filing supports transmission investment, namely investment needed to replace aging infrastructure, by: (1) providing greater transparency regarding asset management decisions, and (2) providing additional clarity regarding the respective roles and responsibilities of transmission owners as asset owners, and RTOs/ISOs as regional transmission planners.

## **I. BACKGROUND**

On June 12, 2020, the PJM Transmission Owners submitted the Asset Management Filing, which consists of four key elements:

- (1) The mandatory inclusion of asset management projects meeting certain aging infrastructure criteria in the Attachment M-3 process to provide opportunities for stakeholder input;
- (2) A new mandatory requirement for Transmission Owners to document their respective end of useful life determination methodologies beyond levels required by the current Attachment M-3 process;
- (3) A new mandatory requirement for Transmission Owners to provide a nonbinding five-year forecast of end of useful life candidates to PJM; and
- (4) A new process to ensure that end of useful life candidates that overlap with PJM Planning Criteria violations that qualify for the Order No. 1000 proposal window process will be posted to ensure efficient and cost-effective solutions in areas where there may be multiple system issues (violations and candidates).

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<sup>5</sup> “Much of the U.S. energy system predates the turn of the 20th century. Most electric transmission and distribution lines were constructed in the 1950s and 1960s with a 50-year life expectancy, and more than 640,000 miles of high voltage transmission lines in the lower 48 states’ power grids are at full capacity. . . . Without greater attention to aging equipment, capacity bottlenecks, and increased demand, as well as increasing storm and climate impacts, Americans will likely experience longer and more frequent power interruptions.”  
– American Society of Civil Engineers, 2017 Infrastructure Report Card

<sup>6</sup> ScottMadden Report at 280.

The principal features of the Asset Management Filing were initially presented by PJM in a recent stakeholder process.<sup>7</sup> As explained herein, WIRES respectfully submits that the Asset Management Filing supports continued investment in transmission, reinforces the obligations of transmission owners to maintain and, when needed, replace their assets to continue to provide safe and reliable service to customers, and while also increasing transparency and improving coordination and clarity between transmission owner asset management activities and PJM’s regional transmission planning.

## II. COMMENTS

### A. The Asset Management Filing Improves Transparency

The Commission has noted that asset management activities are “activities necessary to maintain a safe, reliable, and compliant grid, based on existing grid topology.”<sup>8</sup> The Commission has found that generally these asset management activities do not expand the transmission system and are not subject to the open transmission planning requirements of Order No. 890.<sup>9</sup> As such, utilities retain the responsibility to plan and develop asset management projects.

The PJM Transmission Owners’ voluntary expansion of the Attachment M-3 planning procedures to certain asset management activities, as proposed in the Asset Management Filing, will improve transparency regarding those activities and provide an opportunity for stakeholder review and comment. Additionally, the PJM Transmission Owners’ documentation of their

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<sup>7</sup> Available at: <https://www.pjm.com/-/media/committees-groups/committees/mrc/2020/20200528/20200528-item-04b-1-pjm-solutions-package-presentation.ashx>

<sup>8</sup> *Calif. Pub. Utils. Comm’n, et al. v. Pacific Gas & Elec. Co.*, 164 FERC ¶ 61,161 (2018) (“PG&E Order”), *reh’g denied*, 168 FERC ¶ 61,171, at P 7, n. 19 (2019) (“P&GE Rehearing Order”); *Southern Calif. Edison Co.*, 164 FERC ¶ 61,160 (2018) (“SCE Order”), *reh’g denied*, 168 FERC ¶ 61,170, at P 7 n. 15 (2019) (“SCE Rehearing Order”) (together, the “California Orders”).

<sup>9</sup> See SCE Order at P 33; PG&E Order at P 68.

respective methodologies for determining when an asset is at the end of its useful life and requirement for an annual presentation, as proposed in the Asset Management Filing, will enhance transparency. As noted herein, a robust electric transmission grid, supported by well-planned investment is essential for ensuring efficient and reliable electric service and developing a more resilient grid.

**B. The Asset Management Filing Appropriately Recognizes the Rights and Responsibilities of Transmission Owners as Asset Owners**

The Asset Management Filing provides clarity with respect to the role of transmission owners in making complex determinations regarding when a transmission asset has reached the end of its useful life, as well as the role of RTOs/ISOs as regional transmission planners. Such clarity is necessary not only for investments made in the more distant past, but also investments made by transmission developers today, including those that may invest as the result of an Order 1000 solicitation process. All transmission owners – incumbent and non-incumbent, new and old - as asset owners, bear both the liability and responsibility for maintaining their assets and maintaining reliability. Clarity for asset management decisions is necessary from the outset. And as transmission development processes evolve, clarity is needed where perhaps it was not needed in the past. In addition, clarity is needed with respect to asset management decision-making so that it is clear what happens – and which entity is liable – if things go wrong on the system. The asset owners are clearly in the best position to make the correct decisions about whether and when to replace assets so that the grid is safe and reliable for customers.

End-of-useful-life decisions include assessments and analysis, but also involve technical and engineering expert judgement. Imposing bright-line criteria to determine whether an asset has reached the end of its useful life and when to replace can lead to premature replacements of assets that are still used and useful, or worse, asset failures that could have been prevented

through more proactive replacement. RTOs/ISOs simply do not have the information or authority to make assessments or determinations regarding the condition of assets.<sup>10</sup>

The principal features of the Asset Management Filing were presented by PJM in a recent stakeholder process.<sup>11</sup> As PJM itself noted, among the benefits of its proposal are that it reinforces PJM's role as the regional planner while respecting both the authority granted PJM as part of the Consolidated Transmission Owners Agreement and Commission precedent regarding asset management projects and activities (i.e., the California Orders).<sup>12</sup>

For these reasons, WIRES submits that the Asset Management Filing appropriately recognizes the rights and responsibilities of all transmission owners as asset owners and the role of RTOs/ISOs as regional planners.

### **III. CONCLUSION**

For these reasons, WIRES respectfully submits that the Commission should accept the Asset Management Filing as proposed.

Respectfully submitted,

*Larry Gasteiger*

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<sup>10</sup> This fact was explicitly recognized by PJM. See May 27, 2020 Letter from Dean Oskvig, Chair-Board Reliability Committee at page 4, available at: <https://www.pjm.com/-/media/about-pjm/who-we-are/public-disclosures/20200527-dean-oskvig-response-multiple-parties-re-end-of-life-trans-planning.ashx?la=en>.

<sup>11</sup> Available at: <https://www.pjm.com/-/media/committees-groups/committees/mrc/2020/20200528/20200528-item-04b-1-pjm-solutions-package-presentation.ashx>

<sup>12</sup> *Id.* at Slide 8.

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

*Larry Gasteiger*

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